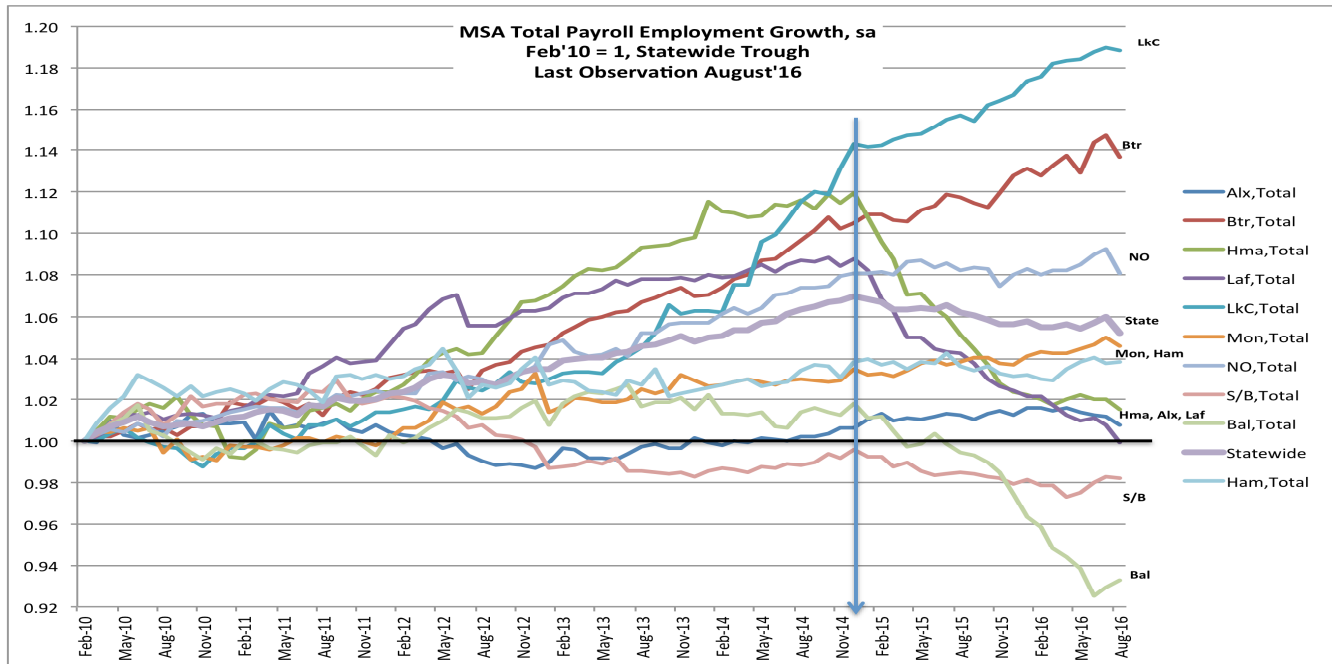


Metro Area Employment Growth, August 2016



A convenient metric to compare economic performance across metro areas is total payroll employment; the headline employment measure reported for the national economy, and all state and metro areas on a monthly basis. The graph above depicts this employment concept for each of the state's nine metro areas¹, the balance of the state, and the state as a whole. In this graph, monthly seasonally adjusted² total payroll employment for each area is indexed to the month of February 2010, when the state's payroll employment total was at its low point in the 2008-09 national recession. The months subsequent to that trough month reflect the economic recovery/expansion phase of the national business cycle. The value of each line at any month represents the percent change of that area's total payroll employment from the month of February 2010. For example, by August 2016 total employment in the Lake Charles area (LkC) was 18.8% higher than in February 2010, while in the new Shreveport-Bossier City area total employment was 1.8% lower.

At this stage of the national expansion the Lake Charles, Baton Rouge, and New Orleans areas have led the state in employment growth relative to February 2010. However, the Orleans area flattened in late-2014 and has not grown much since then. The oil service areas of Lafayette and Houma have fallen off significantly since late-2014 reflecting the dramatic drop in oil prices that began in mid-2014. The Monroe and Alexandria areas exhibited some modest upward trending over this period, but appear to have stabilized over the last several months, along with the Hammond area. The Shreveport-Bossier City area is the only metro area materially below its 2010 level, and has been in that position since early 2013. The balance of the state's parishes outside the defined metro-areas have trended down since mid-2013 with a dramatic drop-off since late-2015.

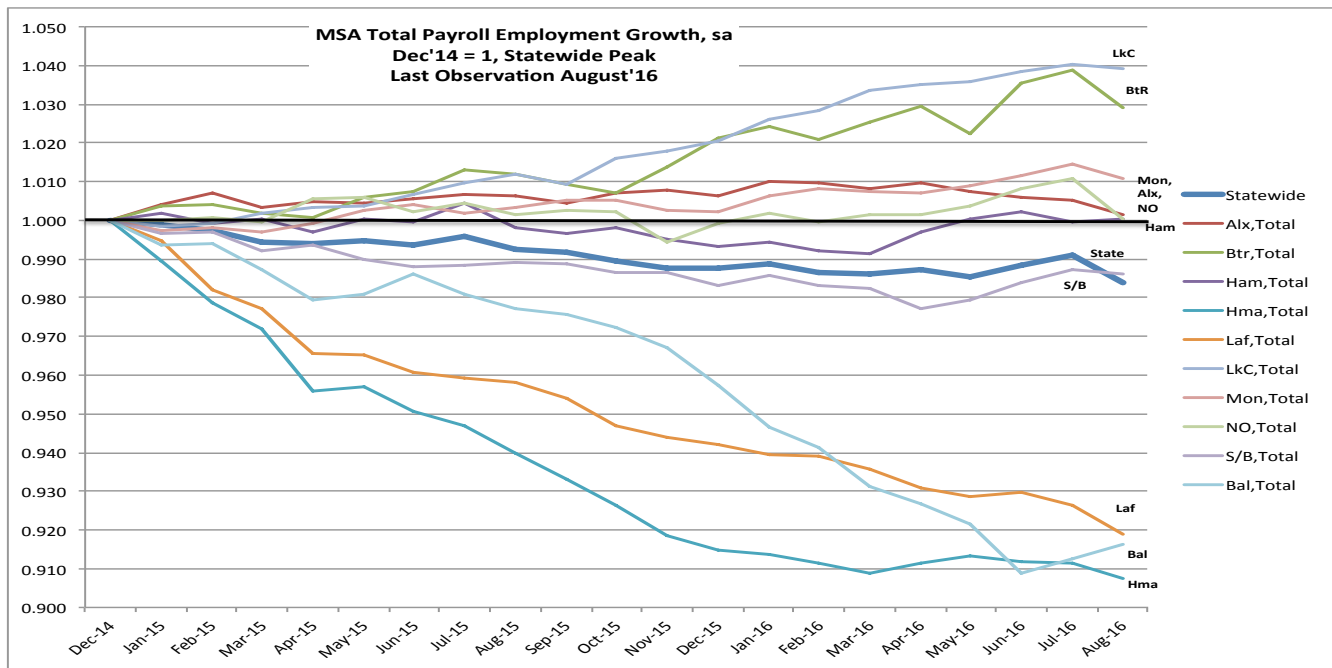
The above-average growth that has occurred in the Lake Charles, Baton Rouge, and New Orleans areas comprises 54% of the state's current employment. However, with flattening of the Orleans area, this majority of jobs has not been sufficient to offset the below-average growth occurring in the rest of the state, and especially the sharp drop-offs in employment in the oil service areas of Lafayette and Houma, as well as the balance-of-the-state areas. Consequently, statewide employment, while still 5.2% larger than in early 2010, began exhibiting slower growth in the beginning of 2015 and has absolutely declined since the second half of 2015.

Statewide, the compound annual average growth rate of total employment over this seventy-nine month period has been 0.78%. The above-average tier has exhibited 1.6% annual growth while the below-average tier has exhibited an annual decline rate of -0.2%. At the extremes are Lake Charles with a high growth rate of 2.62%, largely from mid-2013, and Shreveport-Bossier City with a low rate of -0.28%, largely from early-2013, and the non-metro balance of the state with an even lower rate of -1.05%, largely from the beginning of 2015 and especially from late-2015.

¹ Beginning with 2015, changes to official metro area designations have been made that add an additional metro area to the state, designated as the Hammond area encompassing Tangipahoa Parish. In addition, additional parishes have been added to three existing metro areas. The Lafayette area now includes Acadia, Iberia, and Vermillion Parishes. The New Orleans-Metairie-Kenner area now includes St. James Parish. The Shreveport-Bossier City area now includes Webster Parish. These parishes were formerly captured in the balance-of-state area.

² Non-seasonally adjusted data for each metro area and the statewide area are provided by the U.S. Department of Labor, Bureau of Labor Statistics. The non-metro balance-of-the-state area is simply the difference between the statewide area and the sum of the metro areas. Seasonal adjusted is applied by the author utilizing the Census Bureau X-12 process and the Eviews statistical software package.

Metro Area Employment Growth, August 2016



It is interesting to shorten the time perspective to a period that starts with December 2014, the last peak of statewide employment. Metro area employment since then is depicted above, with the declines in the oil service areas of Lafayette and Houma particularly highlighted over this period, as well as that of the balance-of-state areas. As measured by total payroll employment, these two metro areas are 8.1% and 9.3% smaller than in December 2014, respectively. A comparable decline has occurred in the non-metro balance of the state of 8.4%. Combined with the 1.4% decline in the Shreveport/Bossier area, these areas together have pulled the entire state's employment down by 1.6% since December 2014, even though as a group they comprised only a 37% minority of total statewide employment as of that statewide peak month.

The largest metro area in the state, Orleans, currently at 29.1% of state employment, has been almost neutral over this period, as has the new metro area of Hammond. Slightly higher employment growth has occurred in the Alexandria and Monroe metro areas, but these areas contain a relatively small combined share of December 2014 employment at 7%. The strongest growth in the state over this period has occurred in the Lake Charles and Baton Rouge metro areas, adding 3.9% and 2.9% to employment in their respective areas, significantly greater than any other areas of the state, and largely due to industrial expansion in the state's petrochemical complex. However, these two metro areas comprised only 25% of total state employment in December 2014. The performance in these two areas, and in the Alexandria and Monroe areas, has not been sufficient to keep the state as a whole from contracting as measured by payroll employment. Consequently, total statewide payroll employment has declined by 1.6% since December 2014.